

Fairfax County Small Business Commission
Small Business News

By: Koorosh Cyrus Sobhani; Dranesville District
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Small Business Committee Passes Contracting Reform Bill

In March, the U.S. House Committee on Small Business passed legislation aimed at improving small business competitiveness in federal contract procurement. The Small Contractors Improve Competition Act attempts to improve small business contracting policies by increasing competition and small business industry, and by promoting a more cost-effective federal procurement process. The bill is endorsed by a number of National Associations, including the National Electrical Contractors Association, the National Small Business Association and the Associated General Contractors.

Within the legislation, Section 303 is a revision to the Non-manufacturer Rule (“NMR”), which exists to prevent fraud. This section requires that when a contract for goods is restricted to small businesses, the goods purchased must actually be products from a small business. The revision clarifies that the NMR applies to contracts for goods, not contracts for services. The goal of this section is to limit large and international manufacturers of goods from receiving government contracts for the sale of goods. The law does provide exceptions in cases where there is no small business manufacturer.

On April 14, House Small Business Committee Chairman Rep. Steve Chabot (R-OH), the bill’s sponsor, testified in support of the bill’s inclusion in the National Defense Authorization Act for 2016. Rep. Chabot testified that the inclusion of this bill would greater emphasize small business subcontracting and participation rates in federal procurement contracts within the defense industry.

For more information please visit:

<http://smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=398057>.

Governor Approves Virginia House’s Crowdfunding Exemption Act

On March 23, 2015, Virginia Governor McAuliffe (D) approved the Virginia House of Delegate’s Bill titled 1360 Securities Act; Crowdfunding Exemption. The bill, introduced by Del. Scott W. Taylor (R-85th), had wide bipartisan support as it passed the House on a vote of 99-0. The purpose of the bill is to make it easier for both small businesses and individuals to raise money through crowdfunding.

The bill creates an exemption from some of the requirements of the Securities Act of 1933 and Securities Exchange Commission Rule 147; (ii). These exemptions will hereby allow a Virginia business or individual to raise up to \$2 million per year through crowdfunding. The bill implements a cap of \$10,000 for any single donor, unless the donor is an accredited investor.

Supporters of the bill say that it will make it easier for Virginians to invest in local Virginia businesses, thereby stimulating the local economy and facilitating the creation of more local jobs. Del. Taylor stated: “Virginians will be able to invest in Virginian companies that they love for equity, not simply for products or rewards. There is no doubt that this bill will create jobs, increase economic productivity and the American dream for many Virginians.”

Michelle Logan, a Richmond entrepreneur, stated: “Crowdfunding is the first tool that enables anyone to become an entrepreneur. Equally important is the power crowdfunding gives to the individual, by allowing them to combine their resources and invest in something bigger than themselves.”

For more information please visit:

<http://lis.virginia.gov/cgi-bin/legp604.exe?ses=151&typ=bil&val=hb1360&submit=GO>